

Message Text

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21

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 NSCE-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 OMB-01 SAJ-01 NIC-01 SAM-01 SCI-06

EB-11 COME-00 TRSE-00 DRC-01 /136 W

----- 010256

R 140740Z MAY 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 725

INFO AMEMBASSY MOSCOW

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

CINCPAC HONOLULU HI

C O N F I D E N T I A L HONG KONG 5353

E.O. 11652: GDS

TAGS: ETRD CH UR

SUBJ: SINO-SOVIET TRADE TALKS

SUMMARY: SOVIET FOREIGN TRADE VICE MINISTER GRISHIN
ARRIVED IN PEKING MAY 11 FOR FINAL NEGOTIATIONS LEADING
TO THE SIGNING OF THE ANNUAL SINO-SOVIET TRADE AGREEMENT
FOR 1974. IT WOULD BE PREMATURE, HOWEVER, TO CONCLUDE
THAT BY CONTINUING WITH THE TRADE TALKS, MOSCOW HAS
INDICATED ANYTHING ABOUT ITS INTENTIONS IN SETTLING
THE AFFAIR OF THE CAPTURED SOVIET HELICOPTER. END
SUMMARY.

1. NCNA MAY 11 REPORTED THE ARRIVAL IN PEKING OF SOVIET
FOREIGN TRADE VICE MINISTER, I. T. GRISHIN, LEADER OF
THE USSR GOVERNMENT TRADE DELEGATION. GRISHIN WAS
WELCOMED AT THE AIRPORT BY CHINESE FT VM CHEN CHIEH,
SOVIET AMBASSADOR TOLSTIKOV AND THE SOVIET DEPUTY
DELEGATION LEADER WHO HAD "ARRIVED EARLIER". IF PAST
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PRACTICE HOLDS, GRISHIN'S ARRIVAL INDICATES THAT THE

SIGNING OF THE ANNUAL SINO-USSR TRADE AGREEMENT FOR 1974 IS IMMINENT.

2. ALTHOUGH NCNA DID NOT REPORT THE ARRIVAL OF THE WORKING LEVEL DELEGATION, REPORTS INDICATE THAT TALKS HAVE BEEN IN PROGRESS FOR THE PAST TWO MONTHS (AFP PEKING 5/12/74). PRIOR TO THE BEGINNING OF TALKS, THE RUSSIANS SUBMITTED THEIR FIRST PROPOSAL TO THE CHINESE IN NOVEMBER 1973. ACCORDING TO A PEKING USSR EMBASSY OFF, THE SOVIET EXPECT PRC SUPPLY PROBLEMS WILL LIMIT THE LEVEL OF THIS YEAR'S AGREEMENT TO 125 MILLION RUBLES (\$342.5M) EACH WAY. LAST YEAR'S AGREEMENT CALLED FOR 220 MILLION RUBLES, BUT ACTUAL EXCHANGES REACHED ONLY 200M RUBLES (\$274M) IN TOTAL TRADE (PEKING 0086).

3. DESPITE MOSCOW'S RECENT DEMARCHE TO CHINA FOR RETURN OF ITS CAPTURED HELICOPTER AND CREW, BOTH SIDES STILL APPEAR WILLING TO GO AHEAD WITH NORMAL TRADE RELATIONS. IT WOULD BE PREMATURE, HOWEVER, TO CONCLUDE THAT BY PROCEEDING WITH THE ANNUAL TRADE TALKS, THE SOVIETS ARE INDICATING ANYTHING ABOUT THE SETTLEMENT OF THE HELICOPTER AFFAIR. THE RUSSIANS MAY SIMPLY BY MASKING THEIR THINKING WHILE THEY WAIT FOR A CHINESE RESPONSE.
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